

Connecticut Nonprofit Human Services Cabinet

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Testimony before the Human Services Committee March 9, 2010

In support of:

SB 219, AAC State Contract Reductions

SB 316, AA Establishing a Commission on Nonprofit Health and Human Services

HB 5356, AAC Purchase of Service Contracts

My name is John Merz and I am the Executive Director of CT AIDS Resource Coalition (CARC) and on the steering committee of the Connecticut Nonprofit Human Services Cabinet (Cabinet). The Cabinet is a statewide coalition comprised of 20 nonprofit human service associations and organizations representing approximately 800 providers. Its mission is to advance a strong and unified nonprofit human services system to effectively meet community needs. The Cabinet has worked with state agencies on critical contracting issues and business practices that impact over 2,000 Purchase of Services (POS) Contracts valued at approximately \$1.4 billion annually. Members play a vital role in addressing the critical health and human services needs that face so many Connecticut residents – we provide the safety net that *anyone* can find themselves in need of when least expected.

SB 219

The Cabinet supports SB 219, which will allow private providers to reduce their expenditures without agency approval when a contract is reduced by five percent or more during any fiscal year. While we would certainly prefer that contracts not be reduced mid-year, budget rescissions and mid-year cuts are a reality we have had to face over the past two years. Nonprofit human services providers continue to be asked to do more with less as state-funding for our services is cut, yet demand continues to rise. Private providers have met every challenge presented by the current fiscal climate with vision and leadership to ensure that the most possible Connecticut residents continue to receive essential health and human services.

Unfortunately, there is an expectation from the state that when funding is reduced, the level of service will not be reduced. While there are instances where a provider can make this work, it is mostly an unrealistic expectation that a private provider can continue a level of service at a fraction of the original contract amount. I am confident that you all realize that funding for nonprofit human services has not kept pace with inflation; therefore, even prior to any budget cuts providers are already expending more on a service than the state is paying. This bill will allow providers to reduce their expenditures in an amount equal to the funding reduction to help ensure their financial stability and allow them to remain in business to serve as many Connecticut residents as possible.

SB 316

We also support SB 316, which will establish a Commission on Nonprofit Health and Human Services to address long-term funding solutions for private nonprofit providers. Nonprofit human services providers are critical partners with the state in the provision of health and human services. We provide essential, quality services to hundreds of thousands of Connecticut residents at a great savings to taxpayers.

Unfortunately, our state funding has grown more and more tenuous over the years. The average cost-of-living adjustment for nonprofit human services providers stands at approximately 1%

Children's League of Connecticut

Connecticut AIDS Resource
Coalition

Connecticut Association for
Community Action

Connecticut Association for
Human Services

Connecticut Association of Area
Agencies on Aging

Connecticut Association of
Nonprofits

Connecticut Coalition Against
Domestic Violence

Connecticut Coalition to End
Homelessness

Connecticut Community Providers
Association

Connecticut Consortium of Legal
Services

Connecticut Council of Family
Service Agencies

Connecticut Sexual Assault Crisis
Services

Connecticut Women's Consortium

End Hunger Connecticut!

Mental Health Association of
Connecticut

Oak Hill

Planned Parenthood of Southern
New England

The Connection, Inc.

Wheeler Clinic

over the past twenty years. This is far off pace with inflation and the actual cost of service. Meanwhile, the demand for our services has risen dramatically, especially in the current fiscal climate. It is crucial for the state to address these issues to ensure the ability of the nonprofit human services delivery system to meet the growing needs of its residents.

This bill will establish a commission that includes key stakeholders from both the private provider community, as well as all three branches of government that fund our vital services. It will allow the state to shape a solution to the long-term funding challenges facing nonprofit human services providers that incorporates all views and concerns. This concept passed the House unanimously last year and both chambers unanimously in 2008 only to be vetoed by the Governor. Its passage this year will be critical to the continued viability of the nonprofit human services delivery system to meet the needs of Connecticut.

HB 5356

The Cabinet also supports HB 5356, which will require the Office of Policy and Management (OPM) to submit a report outlining recommendations for improving uniformity of the policies and procedures of state agencies relating to purchase of service (POS) contracts, as well as a timeline for implementation. In 2008, OPM released *Principles and Practices for the Competitive Procurement of Human Services* and in 2009 they released a revised version titled *Procurement Standards for Personal Service Agreements and Purchase of Service Contracts*. Both documents were in response to clean contracting legislation that required rebidding of all POS contracts. The Cabinet worked closely with legislators on that legislation and subsequently with OPM on the implementation of the rebidding process.

Rebidding has been difficult for both nonprofit human services providers and the state. It requires a great deal of administrative work by all parties. However, it can be even more burdensome to providers that have to deal with six different state agencies that each have six different methods of contracting. OPM's Procurement Standards were supposed to set uniform methods for contracting, including the RFP process, negotiations, and the execution of a contract. Unfortunately, these standards have not necessarily been adhered to uniformly. This bill will require OPM to both recommend and implement uniform policies among all state agencies. While we understand the hesitation of OPM to be involved in the daily operations of the state's health and human services agencies, there needs to be oversight to ensure that all contracting agencies adhere to the state's POS Standards.

Thank you for the opportunity to testify.